

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 604

Short Title: Rural and Downtown Community Eco. Dev. Grants. (Public)

Sponsors: Representatives Reives, A. Jones, Willingham, and Carney (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Appropriations, if favorable, Finance, if favorable, Rules, Calendar, and
Operations of the House

April 1, 2025

A BILL TO BE ENTITLED
AN ACT TO CREATE THE RURAL COMMUNITY DEVELOPMENT GRANT PROGRAM
AND THE DOWNTOWN REVITALIZATION GRANT PROGRAM AND TO
APPROPRIATE MONEY FOR PURPOSES CONSISTENT WITH THOSE PROGRAMS.

The General Assembly of North Carolina enacts:

SECTION 1. The General Assembly finds that:

- (1) Downtown areas are critical to the economic, cultural, and social well-being of North Carolina's communities. They serve as vital hubs for commerce, public engagement, and community identity. Yet many downtowns, in urban and rural areas alike, have faced challenges, including declining activity, vacant storefronts, and reduced investment.
- (2) Rural communities across North Carolina also face broad, significant challenges, including economic stagnation, depopulation, and limited access to growth opportunities. These challenges prevent the vitality of local economies from being realized, reduce residents' well-being, and diminish the long-term sustainability of these regions.
- (3) By providing targeted investments, the State can empower downtown areas and rural communities to advance their economic development, enhance their government services provision, and support the growth of local businesses. These investments are essential for creating self-sustaining growth, fostering local workforce development, and positioning these areas as desirable places to live, work, and do business.

SECTION 2.(a) Appropriation. – There is appropriated from the General Fund to the Department of Commerce (the Department) the sum of forty million dollars (\$40,000,000) in nonrecurring funds for the 2025-2026 fiscal year to be allocated to the Rural Economic Development Division (REDD) and used for purposes consistent with subsection (b) of this section. Notwithstanding G.S. 143C-1-2(b), funds allocated in this section shall not revert but shall remain available for purposes consistent with this section until June 30, 2027. The Department may use up to five percent (5%) of the funds appropriated in this section for administration of the Community Grant Program created in subsection (b) of this section.

SECTION 2.(b) Rural Community Development Grant Program. – The funds allocated to REDD by subsection (a) of this section shall be used to create the Rural Community Development Grant Program (the Community Grant Program). The Community Grant Program shall provide grants to local governments in the State to attract business investment and to



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1 promote population and revenue growth within those communities for the purposes of (i)
2 reversing the trend of rural depopulation and (ii) transitioning those communities to "commuter
3 towns" or "bedroom communities" that promote and sustain the growth of larger adjacent
4 communities. All county and municipal governments within the State are eligible to apply for
5 grant funding under the Community Grant Program. REDD shall establish guidelines for
6 providing for administration of the Community Grant Program. Those guidelines shall include
7 the following provisions, which shall apply to each grant under the Community Grant Program:

- 8 (1) Funds shall only be used for purposes that REDD determines are likely to
9 improve a community's economic and living conditions such that the
10 community is better able to sustain consistent economic and population
11 growth and is better able to balance (i) the livability of the community, (ii) the
12 provision of government services, (iii) full employment and full housing, and
13 (iv) maintaining public order.
- 14 (2) Grants may only be awarded to local governments that REDD determines
15 have satisfactorily demonstrated that a lack of community amenities within
16 their locale has previously prevented them from attracting business
17 investment and promoting the population and revenue growth necessary to
18 stimulate job and revenue growth within their community. Examples of
19 relevant community amenities include restaurants, hotels, child care centers,
20 grocery stores, pools, parks, and hiking trails.
- 21 (3) Grants shall be awarded on a competitive basis based upon, at a minimum, the
22 following factors: (i) the amount of non-State investment in the project, (ii)
23 the projected wage and job growth from the project, and (iii) the existence of
24 demonstrated community support for the project. REDD shall determine the
25 relative weight due and priority of the factors listed in (i) through (iii) of this
26 subdivision, and any other factors it may choose to include, and shall publicize
27 that information on its website.
- 28 (4) Grants awarded shall require a match in the amount of one dollar (\$1.00) of
29 non-State funds for every one dollar (\$1.00) of State funds.
- 30 (5) Individual grant awards may not exceed two million dollars (\$2,000,000).
- 31 (6) All county and municipal governments seeking grant funding under this
32 section shall submit an application for funding, on a form and in a manner
33 approved by the Department, as a necessary precondition to receiving funding.
- 34 (7) The application required by subdivision (6) of this subsection shall include, at
35 a minimum, a requirement that the applicant will use any grant funding it
36 receives for projects that are part of a comprehensive local government plan
37 intended to promote (i) downtown revitalization or (ii) community
38 development, or both.

39 **SECTION 3.(a)** Appropriation. – There is appropriated from the General Fund to
40 the Department of Commerce the sum of forty million dollars (\$40,000,000) in nonrecurring
41 funds for the 2025-2026 fiscal year to be used for the purposes consistent with subsection (b) of
42 this section. Notwithstanding G.S. 143C-1-2(b), funds allocated in this section shall not revert
43 but shall remain available for purposes consistent with this section until June 30, 2027. The
44 Department may use up to five percent (5%) of the funds appropriated in this section for
45 administration of the Revitalization Program created in subsection (b) of this section.

46 **SECTION 3.(b)** Downtown Revitalization Grant Program. – The funds allocated to
47 the Department by subsection (a) of this section shall be used to create the Downtown
48 Revitalization Grant Program (the Revitalization Program). The Revitalization Program shall
49 provide grants to local governments and municipal service district administrator entities for
50 purposes consistent with this section. All county and municipal governments and municipal
51 service district administrator entities within the State are eligible to apply for funding under the

1 Revitalization Program. The Department shall establish guidelines for providing for
2 administration of the Revitalization Program. Those guidelines shall include the following
3 provisions, which shall apply to each grant from the Revitalization Program:

- 4 (1) Grants may only be awarded for the purpose of amenitizing the downtown
5 areas of eligible recipients in a manner that the Department determines is
6 likely to enhance the overall appeal, functionality, or livability of a downtown
7 area by attracting the people, businesses, or investment necessary to revitalize
8 a downtown area and create a vibrant, desirable place to live, work, and visit.
- 9 (2) Individual grant awards may not exceed two million dollars (\$2,000,000).
- 10 (3) All county and municipal governments and municipal service district
11 administrator entities seeking grant funding under this section shall submit an
12 application for funding, on a form and in a manner approved by the
13 Department, as a necessary precondition to receiving funding.
- 14 (4) The application required by subdivision (3) of this subsection shall include, at
15 a minimum, a requirement that the applicant will use any grant funding it
16 receives for projects that are part of a comprehensive local government plan
17 intended to promote (i) downtown revitalization or (ii) community
18 development, or both.

19 **SECTION 4.** No later than September 15 of each year, the Department shall submit
20 a report on the activities conducted with the funds appropriated in this act to the Joint Legislative
21 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal
22 Research Division. The information provided in the report shall include, at a minimum, the
23 number of grants awarded and the name and location of all local governments and municipal
24 service district administrator entities receiving grants. Funds allocated under this act are not
25 subject to the provisions of G.S. 143C-6-23.

26 **SECTION 5.** This act becomes effective July 1, 2025.